

**ADVISORY COMMITTEE ON DIVERSITY AND DIGITAL EMPOWERMENT
ACCESS TO CAPITAL WORKING GROUP
POLITICAL SUBGROUP FINAL RECOMMENDATIONS
June 24, 2021**

Political Subgroup Members

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Summary: This Political Subgroup (PSG) Final Recommendations Report is a culminating document for the full Access to Capital Working Group (Working Group) containing our recommendations. All PSG deliberations, as well as presentations with various media and broadcast stakeholders, strongly support our conclusions that: (i) the Tax Certificate is a proven, successful government tool that can significantly increase diverse broadcast station ownership and control; and (ii) a tax credit provided to donors of broadcast stations used to train diverse populations to become broadcasters can significantly increase diverse broadcast station ownership and control. Therefore, it is our sincere hope that the Access to Capital Working Group will refer the recommendations contained herein to the full Advisory Committee on Diversity and Digital Empowerment (ACDDE) for adoption and transmission to the Commission.

1. History

On November 6, 2020, the Access to Capital Working Group co-hosted with the FCC’s Media Bureau a virtual symposium titled *Path to Media Ownership and Sustainability - Symposium on Access to Capital for Small and Diverse Broadcasters*.¹ Building on our success with the Symposium presentations – particularly the panel discussion on the Tax Certificate Restoration legislation, [HR 3957](#) (or its substitute), “Expanding Broadcast Ownership Opportunities Act of 2020” (Butterfield Bill), we explored ideas that would enhance diverse ownership of broadcast stations and the Butterfield Bill’s effectiveness. Throughout the charter time frame, we monitored relevant legislation regarding ownership diversity and focused on the Butterfield Bill and the Broadcast Diversity in Leadership Act, HR 8154.

Between January and May of 2021, we narrowed our focus on possible enhancements solely for the Butterfield Bill, through research and outreach to Hill staff, broadcasters, associates or members. We reviewed ownership and control requirements in the Butterfield Bill and the impact of a tax credit for donors of broadcast stations to train diverse populations to become broadcasters.

¹ See *Path to Media Ownership and Sustainability - Symposium on Access to Capital for Small and Diverse Broadcasters*, Nov. 6, 2020, <https://www.fcc.gov/news-events/events/2020/11/path-media-ownership-and-sustainability-symposium-access-capital-small>.

2. Actions – Review of eligibility for Tax Certificate

A. Butterfield Bill – current mark-up of H. R. 3957 “Expanding Broadcast Ownership Opportunities Act of 2020”

1. Working Group Conclusion: It is critically important to achieve re-authorization of the Tax Certificate.
 - a. Research Reveal – a wide variety of stakeholders (including broadcast owners, media industry leaders, community/advocates activists, and Congressional members) support the existing bill providing tax certificates where authentic and legal majority ownership as required is ascertained.
 - b. March 17th Political Subgroup Meeting Presentation – Russel Perry, Perry Publishing & Broadcasting, Inc., and Raúl Alarcón, Spanish Broadcasting System, Inc. (ACDDE Member), shared experiences/opinions in purchasing radio stations:
 - i. 1993 -- Mr. Perry purchased station as sole owner from party who was incentivized by the tax certificate.
 - ii. 1983 -- Mr. Alarcón purchased his first station and affirmed it was majority minority-controlled.

B. Butterfield Bill – ownership requirement issues

1. Considerations of ownership and/or control clarification and working models
 - a. Research reveal – our research determined that, in practice, a majority-equity ownership requirement was a key part of the tax certificate program as originally adopted even if this was not expressly stated by the FCC. *See* Statement of Policy on Minority Ownership of Broadcast Facilities, 68 FCC 2d 979, 983 (1978) (buyer of station must have a “significant minority interest[.]” The 51% ownership requirement, as presently constituted, presents an unnecessary obstacle to more diverse broadcast ownership.
 - b. March 17th Political Subgroup Meeting Presentation
 - i. Mr. Perry – described situations where the governing board and stock ownership can constitute control sufficient to support eligibility for a tax certificate for the seller.
 - ii. Mr. Alarcón – described how acquisitions can be structured to support eligibility for a tax certificate for the seller.

C. Donated Stations

1. April 14th Political Subgroup Meeting Presentation – The presentations and meeting participants considered the following issue: Can training facilities expand broadcast ownership for minorities, women and small businesses? Presentations were made by Daniela Zamora, General Manager of WDTW-AM

(Detroit, MI), Sean Plater, General Manager of WHUR-FM (Howard University, Washington, DC), and Robert Brooks, Digital Advertising Specialist at WHUR-FM and ACDDE Working Group Member. Political Subgroup members David Honig and Milton Clipper also participated as presenters.

- a. Research Reveal - public stations at many educational institutions, including HBCUs, religious institutions and charitable institutions, train the next generation of broadcast station professionals and owners.
- b. April 14th Political Subgroup Meeting Presentation
 - i. WHUR-FM – previously WTOP, was donated to Howard University in 1970 by the *Washington Post*, owners of the predecessor station since 1949, in an effort “to stimulate intellectual and cultural life and train more people for the communications industry.”² Howard University changed the station call letters to the current WHUR-FM in 1971.
 - ii. WDTW-AM – purchased by Pedro Zamora in 2014 through an Ownership Diversity Institute (MMTC program) for his Spanish-language radio expansion. It became fully licensed in 2016 and a low-powered translator in 2017. Plans to institute a training program modelled after WHUR-FM.

3. Final Recommendations

In the course of direct communications through proper official channels as necessary for the efficient conduct of public business, including if any members of Congress or their staff seek technical assistance or other advice from the Commission, the Chair and Commissioners should consider:

- A. Supporting passage of HR 3957 (“the Butterfield Bill”) (or substitutes) in the current Congress or subsequent Congresses;
- B. Requesting the sponsors of that legislation to amend it to direct the FCC, as the expert agency, to conduct a rulemaking proceeding to determine a safe harbor percentage of equity, debt, and voting power for diverse “control” of broadcast stations to make them eligible for a re-established tax certificate program; and
- C. Supporting donor eligibility for a tax credit for donating a broadcast station to a nonprofit training school or other institution to train members of diverse populations to become broadcast owners or operators.

² See <https://en.wikipedia.org/wiki/WHUR-FM>, last visited June 2, 2021.